Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of

Number Portability Query Services	)	CC Docket No. 98-14
	)	
Ameritech Tariff F.C.C. No. 2	)	CCB/CPD 97-46
Transmittal Nos. 1123, 1130;	)	
	)	
Bell Atlantic Tariff F.C.C. No. 1,	)	CCB/CPD 97-52
Transmittal No. 1009;	)	
	)	
Southwestern Bell Tariff F.C.C. No, 73,	)	CCB/CPD 97-64
Transmittal No. 2680;	)	
	)	
Pacific Bell Tariff F.C.C. No. 128,	)	CCB/CPD 97-65
Transmittal No. 1962	)	

REPLY COMMENTS OF AMERITECH

Ameritech files its Reply Comments in response to oppositions filed against its Direct

Case, which was filed as required by the Order Designating Issues for Investigation ("Second

Investigation Order") released on June 17, 1998. Ameritech demonstrated in its Direct Case that

its Query Service complies with the Commission's requirements, as they existed at the time the

tariff was filed. Moreover, Ameritech proved that in most respects the Query Service fully meets

the new requirements imposed by the Commission's LNP Cost Recovery Order.[1] The remaining

issues will be litigated in the carrier-specific cost phase of the LNP Docket, and are, therefore, not

ripe for decision.

No. of Copies rec'd O+6
List ABCDE

---

[1] Telephone Number Portability, CC Docket No 95-116 ("LNP Docket"), Third Report and Order, released May 12, 1998 ("LNP Cost Recovery Order").

Eight parties filed oppositions,[2] three of which did not address the Direct Case filed by Ameritech.[3] Many of the issues raised by the five remaining parties do not relate to Ameritech's Direct Case. Even where these five parties address Ameritech's Direct Case, they do it in a cursory manner, often simply claiming without support that Ameritech failed to adequately support its tariff or to respond to the Commission's questions. Yet, these parties ignore the extensive evidence that Ameritech filed with its Direct Case. Moreover, they misrepresent the significant supplemental information and explanations that Ameritech provided in its Direct Case.[4] For these reasons, these oppositions should be disregarded by the Commission.

I.   IT IS PREMATURE TO RULE ON WHETHER THE QUERY SERVICE COMPLIES WITH THE LNP COST-RECOVERY ORDER.

In its Direct Case, Ameritech states (at 1) that it is premature to investigate the Query Service prior to the completion of the carrier-specific cost phase of the LNP Docket. The oppositions confirm Ameritech's concern and spend a great deal of time protesting that the incumbent local exchange carriers ("incumbent LECs") have not fully addressed how their Query Services will comply with the new requirements of the Commission's LNP Cost Recovery Order. What these parties fail to acknowledge is that the Query Service Tariff was developed prior to the release of the LNP Cost Recovery Order and, therefore, could not have anticipated the requirements of that order. Equally as important, the record on how the incumbent LECs will

---

[2] AT&T; AirTouch Communications, Inc. ("AirTouch"); Comcast Cellular Communications, Inc. ("Comcast"); MediaOne Group, Inc. ("MediaOne"); Nextel Communications, Inc. ("Nextel"); Sprint Spectrum, L.P., d/b/a/ Sprint PCS ("Sprint PCS"); Vanguard Cellular Systems, Inc. ("Vanguard"); and Time Warner Communications Holdings, Inc. ("Time Warner").

[3] Comcast, Nextel and Vanguard.

[4] For instance, AT&T grouses that Ameritech did not provide an explanation of the methodologies and assumptions it used. Yet, in its Direct Case (page 11) and in Attachment A thereto, Ameritech provided the same level of detail, if not more, concerning its methodologies and assumptions it used than it provides for any other service.

comply with the <u>LNP Cost Recovery Order</u> is not being developed in this proceeding. Therefore, it should come as no surprise that the incumbent LECs are not yet in a position to fully address this issue.

Much of the concern in this area is directed at the recovery of overhead costs. For example, AT&T frets that the incumbent LECs' rates reflect overhead loading factors rather than incremental overhead costs.[5] As stated in Ameritech's Direct Case (pp. 4-5), the Query Service is an access service and therefore should be priced consistent with other new access services under price caps. This methodology includes the application of an overhead loading factor to direct costs.

AT&T also takes issue with Ameritech's use and development of the overhead loading factor used in its cost study (p. 11). Overhead loading factors derived from ARMIS data have been used by Ameritech and accepted by the FCC in cost studies for access services since 1991. The overhead loading factor Ameritech used in its cost study is based on 1996 ARMIS data, the most recent ARMIS data available at the time the cost study was performed. Yet, AT&T claims that this factor is overstated since costs have been trending downward since 1996. When the cost study is redone to conform to the requirements of the Commission's final Order on cost issues related to LNP services, Ameritech will use the most recent ARMIS data (1997) to calculate this factor. The problem is not that Ameritech did not incur incremental overhead costs in developing and providing the Query Service, but rather that at the time it performed its Query Service cost studies it could not have known that it was required to separately track and report those costs. This issue cannot properly be resolved until the incumbent LECs have had the opportunity to

---

[5] AT&T at 10. <u>See also</u> AirTouch at 14-15; MediaOne at 2-3; Sprint PCS at 3-4; Time Warner at 6-7.

present their cases on overhead costs in the carrier-specific cost phase of the LNP Docket. To do otherwise would be a fundamental denial of administrative due process.

II. AMERITECH HAS PROVEN THAT ITS COSTS ARE DIRECT COSTS.

Ameritech has previously responded to the Commission's questions concerning the direct costs of providing the Query Service, including those associated with operations support systems ("OSS") and signaling system seven ("SS7"). For that reason, Ameritech did not repeat its earlier filings in its Direct Case, but rather attached them to it. Ameritech then used its Direct Case to provide supplemental information and explanations. Even though the earlier filings were attached to Ameritech's Direct Case, the commenting parties conveniently ignore this extensive evidence and merely claim that Ameritech did not identify its costs or prove that these are direct.[6] These superficial arguments must be rejected since they ignore the evidence on point.

Sprint PCS (p. 5) claims that that Ameritech did not show its allocation of costs of network upgrades between services. Apparently Sprint PCS did not bother to read Ameritech's Direct Case, which, at pages 6-8, answered this very question explaining that Ameritech only considered direct costs associated with LNP and the Query Service. Ameritech therefore did not include any general network upgrade costs and there was no need to perform any such allocations. If an item directly supported both retail LNP and the Query Service, the associated costs were allocated between them based upon projected relative usage.[7] However, "[t]hose expense items which support only Retail LNP were excluded from the LNP Query Service

---

[6] See, for example, AT&T at 13 and 15.

[7] Attachment A to the Direct Case, Description & Justification, at 8-9.

analysis."[8]

Regarding OSS and SS7, in Attachments 1 and 2 to its initial Direct Case (Attachment B), Ameritech identified every modification, enhancement and augmentation of OSS and SS7 for which costs are to be recovered through the Query Service. Ameritech clarified in its Direct Case (p. 8) that "each of these SS7 upgrades and modifications was in fact necessary to provision, provide or bill the Query Service . . . " In cases where the upgrade or modification did not specifically benefit the Query Service, it was excluded. Thus, each such OSS and SS7 cost was necessary to develop, establish or provide the Query Service, and would not have been incurred but for the obligation to offer the Query Service.

AT&T (p. 6) and AirTouch (pp. 2, 4, 9) gripe that Ameritech did not explain its "Other Direct Costs" category. This is yet another example of commenters making unfounded allegations, apparently without having read the attachments to Ameritech's Direct Case. Ameritech specifically answered this question once before in response to the same assertion by AT&T.[9] The items included in the Other Direct Expense category are "Regional Expenses, Tandem Expenses, End Office Expenses, SS7, Administrative and Billing Costs."[10]

III. AMERITECH'S DEMAND FORECASTS ARE REASONABLE.

In its Direct Case, Ameritech demonstrated (at 8-11) that the joint direct costs associated with functions shared by the Query Service and LNP were allocated between the two services based upon projected relative utilization. Ameritech proved that this allocation is supported by a

---

[8] Id., at 8.

[9] See Ameritech's initial Reply Comments (Attachment C of the Direct Case) at pages 9-10 and its Description & Justification (p.5 of Attachment A of the Direct Case) specifies the cost components included in the Ameritech Query Service cost study by category.

[10] Id.

- 5 -

demand forecast based upon the best information available at the time.

AT&T (at 17-20) has the hubris to attack the demand forecasts, when it was one of the carriers that refused to provide any forecast data that could be used by Ameritech to forecast demand.[11] Two other parties also raise this issue without recognizing that the incumbent LECs had to develop their demand forecasts without the benefit of any input from the potential users of the service. These parties cannot have it both ways – they cannot refuse to provide demand data and then complain that the demand forecasts are only based upon the incumbent LECs' projections.

AirTouch (p. 20) complains that Ameritech did not provide its estimate of the total volume of queries that will be made by Ameritech retail services. In fact, Ameritech did state that it considered its own demand for LNP queries when it allocated costs between retail LNP and the Query Service.[12] There was no need to provide the specific number since it can be easily derived from the Query Service demand forecasts and the percentage of total LNP demand that it constitutes.

IV. TRAFFIC FORECASTS FROM INTERCONNECTING CARRIERS ARE ESSENTIAL TO NETWORK RELIABILITY.

Several parties object to providing traffic forecasts so the incumbent LECs can design their networks to handle the expected demand.[13] Ameritech established in its Direct Case (pp. 13-18) that its request for traffic forecasts is a normal and necessary part of its relationship with any

---

[11] See, pages 13-14 of Attachment B of the Direct Case (Ameritech's Initial Direct Case) which pointed out that it requested that all potential users of the Query Service -- including AT&T -- provide demand estimates, but that none of those carriers responded.

[12] Attachment A of the Direct Case, Description & Justification, pp. 7,9.

[13] See, for example, AT&T 21-23; MediaOne 5-6; and Sprint PCS 7-8;

interconnecting carrier. For example, forecasts have proven to be an essential ingredient to the provision of reliable access service. Yet, AT&T (pp. 21-23) fails to explain why it opposes providing demand forecasts here, when it routinely provides them in the access area.

MediaOne (p. 5) makes the frivolous argument that it does not want to provide its confidential data to a competitor. This argument ignores the fact that comparable data has been provided to LECs for many years without incident under nondisclosure agreements. There is every reason to believe that the same arrangement will work here. This is particularly true since, under the Telecommunications Act of 1996, incumbent LECs are expressly prohibited from misusing this data.[14]

Sprint PCS (p. 7) and AirTouch (p. 29) make the bogus claim that the incumbent LECs do not need traffic forecasts, since they have data on all the traffic that is terminating to their switches. Apparently, this argument was developed without assistance of their network engineers. While it is true that incumbent LECs have data on current total terminating traffic, they do not know how much traffic they will receive in the future, nor how much of it will be queried and how much will be unqueried. Without that knowledge, the incumbent LECs do not know how many queries will be generated, and how much traffic may need to be re-routed since it is directed to a ported number which resides in another carrier's switch.

MediaOne (p. 6) makes the naive claim that an incumbent LEC does not need traffic forecasts, since "it is difficult to believe that these [network] engineers will be making changes to the network on almost a monthly basis." MediaOne is mistaken. Ameritech, like other LECs, monitors its network on an ongoing basis and immediately reacts to increases in volumes and

---

[14] U.S.C. §§222(a), (b).

changes in traffic patterns that may result in network congestion. To the extent feasible, Ameritech attempts to anticipate network congestion by immediately responding to the need to upgrade, reconfigure or augment its network before congestion arises. Anticipating network problems is necessary since in many cases network equipment and software installations can take several months to complete.

For the same reasons, AirTouch's claim (p. 28) that Ameritech does not need data from users of the Query Service to size its network is also invalid. Although Query Service traffic may only constitute 11% of the demand on the LNP database, as the commenters are quick to point out, there is no guarantee that this traffic estimate is accurate. More importantly, 11% of demand on the database can have a very profound impact on segments of Ameritech's network, particularly if concentrated on certain routes and switches. It would be irresponsible for Ameritech or the Commission to ignore the demands of any customer segment, particularly one that may account for 11% or more of the total demand.

V. THE ABILITY TO BLOCK TRAFFIC THAT IS CAUSING NETWORK CONGESTION IS ESSENTIAL.

Sprint PCS is the only party that even pretends to adopt a cooperative and responsible position concerning joint planning, and correctly "agrees that preserving the integrity of the network is paramount."[15] (p. 8) Sprint PCS also concedes that "[c]urrent protocols permit the blocking of traffic when the network is jeopardized and the offending carrier refuses to take steps to remedy the problem." Yet, inexplicably, Sprint PCS opposes Ameritech's proposal to block traffic that is in fact causing congestion. Either Sprint PCS is being disingenuous or it did not read Ameritech's Direct Case, which explained, "[i]f a jeopardy situation arises, Ameritech

---

[15] Sprint PCS at 8.

notifies the carriers responsible, and requests that they temporarily suspend forwarding traffic to the extent necessary to restore reliable service." Only if a carrier "refuses" to suspend traffic and the "overload condition persists" will Ameritech block the traffic. (p. 13) Thus, Ameritech proposes to do exactly what Sprint PCS has requested: simply apply its normal blocking procedures and block traffic that poses a risk to network reliability.

AT&T's uncharacteristic lack of cooperation concerning network reliability may be explained by the fact that it intends to dump massive amounts of unforecasted traffic on the incumbent LECs only when it is having "technical" problems.[16] AT&T apparently seeks to have the Commission rule that its traffic may not be blocked, regardless of whether it is causing network congestion. AT&T thus seeks to place the incumbent LECs in the unreasonable position of having to be ready to accept massive amounts of unforecasted traffic at any time without warning, while not having the corresponding ability to block that traffic to the extent it impairs network reliability. Such a position is not only uncooperative in the extreme, it is also irresponsible. If AT&T is going to use the incumbent LECs as a backstop for its service, it must take the incumbent LECs' networks as it finds them, subject to their current capacity limitations.

---

[16] AT&T at 19. AT&T lets slip the fact that it does intend "to perform [its] own queries" but "may nevertheless need to purchase LNP query service from other carriers if they are temporarily unable to perform queries for technical reasons."

VI.   CONCLUSION.

For the reasons described above, Ameritech's Query Service should remain in effect as filed. However, the Query Service tariff and rates should be subject to later revision as required to comply with the Commission's order in the carrier-specific cost phase of the LNP Docket.

Respectfully submitted,

Larry A. Peck
Counsel for Ameritech
Room 4H86
2000 West Ameritech Center Drive
Hoffman Estates, IL 60196-1025
(847) 248-6074

Dated: July 17, 1998
[LAP0177.doc]

CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Reply Comments of Ameritech has been served on all parties of record, via first class mail, postage prepaid, on this 17th day of July, 1998.

By: _____

Todd H. Bond